

193E—19.2(543B) Insurance requirement—general. The group coverage insurance policy selected by the commission must be approved by the Iowa insurance division. As a condition of licensure under Iowa Code chapter 543B, all active real estate licensees shall submit evidence of compliance with the mandatory errors and omissions insurance requirement when required.

19.2(1) Who shall submit plan of coverage. The following persons must submit proof of insurance when required or when requested:

- a. Any active individual broker, broker associate, or salesperson.
- b. Any active partnership.
- c. Any active corporation.

19.2(2) Inactive status. Individuals whose licenses are on inactive status as defined in Iowa Code section 543B.5(12) are not required to carry errors and omissions insurance.

19.2(3) Territory. All resident Iowa licensees shall be covered for activities contemplated under Iowa Code chapter 543B both in and out of the state of Iowa. Nonresident licensees participating under the state plan shall not be covered both in and out of the state of Iowa unless the state plan selected by the commission will cover participating nonresidents when involved in real estate activities in the nonresident state.

19.2(4) Insurance form. Licensees may obtain errors and omissions coverage through the insurance carrier selected by the commission to provide the group policy coverage. The following are minimum requirements of the group policy to be issued to the Iowa real estate commission including, as named insureds, all licensees who have paid the required premium:

- a. All activities contemplated under Iowa Code chapter 543B must be included as covered activities;
- b. A per claim limit shall be not less than \$100,000;
- c. An annual aggregate limit shall be not less than \$100,000;
- d. Limits are to apply per licensee, per claim;
- e. Defense costs are to be payable in addition to damages;
- f. The contract of insurance shall pay, on behalf of the insured person(s), liabilities owed.

19.2(5) Contract period. The contract between the insurance carrier or program manager and the commission may be written for a one- to three-year period with the option to renew or renegotiate each year thereafter. The commission reserves the right to terminate the contract after written notice to the carrier at least 120 days prior to the end of any policy term and place the contract out for bid.

- a. Policy periods shall be not less than 12-month policy terms.
- b. The policy shall provide full and complete prior acts coverage.

(1) If the licensee purchased full prior acts coverage on or after July 1, 1991, that licensee shall continue to be guaranteed full prior acts coverage if insurance carriers are changed in the future.

(2) The retroactive date of the master policy shall never be later than July 1, 1991, for those that can provide proof of continuous coverage to that date.

(3) The retroactive date for each licensee shall be individually determined by the inception date of coverage and proof of continuous coverage to that date.

(4) The retroactive date for any new licensee who first obtains a license after July 1, 1991, shall be individually determined by the effective date of the license, the inception date of coverage, and proof of continuous coverage to that date.

19.2(6) Any licensee insured in the state selected program whose license becomes inactive will not be charged an additional premium if the license is reinstated during the policy period.

19.2(7) Any licenses issued at other than renewal and insured by the state selected program shall be subject to a pro-rata premium.